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income working individuals and families. When the EITC exceeds the amount of taxes an individual owes, it results in a tax refund to those who claim and qualify for the credit.

D. As relevant to this Indictment, to qualify for EITC, a taxpayer:

- ▶ must have earned income from employment, self-employment, or another source; and
- ▶ cannot have earned income greater than the limits established by law (for 2007, for example, the income limit for a taxpayer filing as single or head-of-household without a child was \$12,590).

E. The amount of the EITC received by a taxpayer varies based upon the amount of income up to the maximum amount permitted, the filing status of the taxpayer, and whether the taxpayer has one or more qualifying child.

**Scheme to Make Taxpayers Falsely Appear to Qualify for Refunds
By Use of the EITC and Submission of Other False Information**

2. Defendant DEMETRIES JOHNSON notified some taxpayers seeking her services that she could obtain larger tax refunds than they would otherwise receive. To obtain refunds, defendant DEMETRIES JOHNSON would knowingly report false information on taxpayers' returns. The claims made in the tax returns were false, fictitious, and fraudulent in that the claims for refunds, for example: 1) falsely reported income when little or no income was earned, thereby substantially and materially overstating taxpayers' income in a manner that made the taxpayer appear eligible for a refund by virtue of the EITC; and 2) falsely included a child or children on taxpayers' returns who did not in fact qualify under the EITC. Through submission of these false claims, defendant DEMETRIES JOHNSON increased payments made by the Internal Revenue Service to the taxpayers or to bank accounts controlled by defendant.

3. In some instances, defendant DEMETRIES JOHNSON received payment

from the taxpayers for her tax preparation services. In several other instances, defendant DEMETRIES JOHNSON filed returns and divided the deposit of the refund into different bank accounts. A portion of the refund was deposited into bank accounts controlled by DEMETRIES JOHNSON and remainder of the refund went to the taxpayer. In several instances, the taxpayers did not know the amount DEMETRIES JOHNSON withheld as a tax preparation fee.

False Claims for Tax Refunds

4. On or about the dates set forth below, in the Northern District of Iowa and elsewhere, defendant DEMETRIES JOHNSON did knowingly make and present to the Internal Revenue Service, an agency of the United States Department of Treasury, claims upon and against the United States which she knew to be false, fictitious, and fraudulent, that is, defendant caused U.S. Income Tax Returns, Forms 1040 and 1040A, claiming refunds for the taxpayers and regarding the calendar years hereinafter specified, to be submitted to the Internal Revenue Service, an agency and department of the United States, knowing the claims to be false, fictitious, and fraudulent:

Count	Date of Offense/ Tax Year	Taxpayer's Initials	False Information	Amount of Refund Claimed
1	01/30/2007 Tax Yr 2006	A.A.	➤ Falsely claims two dependents.	\$5,559
2	02/11/2008 Tax Yr 2007	A.A.	➤ Falsely claims one dependent.	\$2,696
3	02/13/2007 Tax Yr 2006	D.C.	➤ Falsely overstates income. ➤ Falsely claims one dependent. ➤ Falsely fails to report pension income and related penalties.	\$4,447
4	02/13/2008 Tax Yr 2007	D.C.	➤ Falsely overstates income.	\$3,341
5	02/7/2007 Tax Yr 2006	N.H.	➤ Falsely overstates income. ➤ Falsely claims two dependents.	\$3,441
6	01/17/2008 Tax Yr 2007	N.H.	➤ Falsely overstates income. ➤ Falsely claims two dependents.	\$4,739

Count	Date of Offense/ Tax Year	Taxpayer's Initials	False Information	Amount of Refund Claimed
7	01/29/2007 Tax Yr 2006	M.J.	➤ Falsely overstates income.	\$4,420
8	02/01/2008 Tax Yr 2007	M.J.	➤ Falsely overstates income.	\$3,260
9	02/18/2008 Tax Yr 2007	S.M.	➤ Falsely overstates income.	\$4,976
10	01/27/2007 Tax Yr 2006	A.M.	➤ Falsely overstates income. ➤ Falsely fails to report self-employment income and taxes.	\$3,010
11	02/01/2008 Tax Yr 2007	A.M.	➤ Falsely overstates income. ➤ Falsely fails to report self-employment income and taxes.	\$3,487

All this was in violation of Title 18, United States Code, Section 287.

A TRUE BILL

/s/

Foreperson

Dated: January 26, 2011

STEPHANIE M. ROSE
United States Attorney

By:


JANET L. PETERSEN
Assistant United States Attorney